
From: Simon Davies [sdavies@worldventures.com]
Sent: 12/21/2018 10:27:05 PM
To: Tom Montgomery [tom.montgomery@mcggroup.com]
CC: Josh Paine [jpaine@rovia.com]; Michael Brower [mbrower@worldventures.com]
Subject: RE: Dead Commission Records
Flag: Follow up

Thanks Tom. I think we already have this data and will summarize next week. I'm keen to ensure that we make the adjustments next week so that the year-end reporting reflects the adjustments so we don't have much time left. I can reach out to Rene directly if that would help too.

Have a wonderful Christmas.

Regards

Simon Davies

FINANCE

phone 972.805.5141
email sdavies@worldventures.com
address 5100 Tennyson Parkway
Plano, Texas 75024

WorldVentures Holdings

worldventures.com

From: Tom Montgomery <tom.montgomery@mcggroup.com>
Sent: Friday, December 21, 2018 9:40 AM
To: Simon Davies <sdavies@worldventures.com>
Cc: Josh Paine <jpaine@rovia.com>; Michael Brower <mbrower@worldventures.com>
Subject: Re: Dead Commission Records

Simon. Thx. My thoughts. I have not checked with MCG's audit group. To be clear I am no longer a partner at mcg since 7/1/16. Can we do a statistical valid sampling of the accounts and show specifically the sample either was never payable as terminated before payment would have been due. Or alternatively, show that even if due at one time, all rights to, payment were terminated or abandoned by not making claim in accordance with their contract with us. Finally I would state not our policy to pay if they made claims not even for re-activated reps. We would try to incentivize them by incentives for future business.

I think with some valid sample, we would have an auditable basis to conclude. My guess is mcg will agree. I think it would be better coming from either you or mike then me. When an auditor sees me they bow Up- if there was no issues why and the Hell is Tom involved!!!!!!!

Seems straight forward to me though in its face.

Thanks tons.

Tom

Tom Montgomery

MONTGOMERY COSCIA GREILICH - [2500 Dallas Parkway, Suite 300, Plano, Texas 75093](#)

MONTGOMERY CAPITAL ADVISERS – Old Parkland, [3899 Maple Ave. Suite 100, Commonwealth Hall, Dallas, Texas 75219](#)

Direct: [972-748-0201](#) | Cell: [REDACTED] Tom.Montgomery@mcggroup.com

On Dec 20, 2018, at 7:34 PM, Simon Davies <sdavies@worldventures.com> wrote:

Tom,

We are considering our position on certain commission balances and would greatly appreciate your thoughts in respect of a couple of points.

Exigo Related Issue:

I understand that Josh mentioned in the recent Board meeting about a large amount (\$5.5M) of unaccrued commission records and “vendor bills” that still exist in Exigo, our sales/commission system.

This is a little detailed but you need to understand the process to address the question here:

Each week when we process a commission run, Exigo identifies the qualifying sales processed in the commission period being run and generates “commission records” for rep accounts where the sales activity, downline counts, etc. have been triggered in accordance with our compensation plan. However, in order to actually earn and be paid/receive that commission a rep must meet other criteria as well – such as they must be active, in good standing and otherwise “qualified” to receive commissions as defined in the compensation plan. During the commission run process, individual “commission records” are aggregated into what Exigo calls a “vendor bill” record. When a rep is qualified to receive commissions, the commission run process releases the vendor bill records by aggregating them and creating a “vendor payment”. We can also manually or systematically create vendor payment records (this is the way manual adjustments or fees would be processed for a rep) but the vendor payment records are aggregated in the commission run process and **this** is what creates the actual record for a check to be cut or an electronic payment to be made to a rep as the system has identified that all criteria have been met for rep to earn and be paid a commission. As this payment step is completed the vendor bills are updated with a status of “Paid in Full” instead of “Unpaid”.

Exigo currently has \$5.5M of vendor bill transactions with a status of “Unpaid” for rep positions with a current status that does not qualify to receive commission payments i.e. will not generate a vendor payment record. Of the \$5.5M, \$4.9M relates to unpaid vendor bills that generated prior to 1 July 2017 and going back as far as July 2012. These amounts have never resulted in the physical generation of a commission check (physical payment or electronic) as the rep has not had a status that qualified to earn and have commissions released since it was generated, and likely never will.

Also relevant here is section 8 of our policies and procedures that contain terms stating:

- Section 8.1.3: Representatives must claim commission and bonus checks within six (6) months from their date of issuance or as mandated by the state in which they reside. In the case a check needs to be reissued, a \$30.00 charge will be deducted from the balance owed to the Representative.
- Section 8.1.4: If a Representative believes an error has been made regarding commissions, bonuses, downline reports, or any charges, the Representative must notify WorldVentures within sixty (60) days of the date of the purported error. WorldVentures will not be responsible for any errors, omissions or problems not reported to the company within sixty (60) days.

Item 1: We are considering the appropriateness of voiding the unpaid commission records for the period July-2012 through June-2017 as these have never, and likely will never, generate a payment to a rep. The period July 2017 to date

will likely not generate payments either for the vast majority but there may be a few that do get released so we think it prudent to recognize this and not void the transactions at this time. We would like your view on whether you consider it appropriate for WorldVentures to void the \$4.9M of unpaid vendor bills described above and your thoughts, and MCG's thoughts, on the potential audit implications here if any.

iPayout Related Issue:

When a payment is made to a rep that has selected iPayout as their commission payment method the vendor payment record is generated and the vendor bill is updated as "Paid in Full" as described above, an electronic record is created and transmitted to iPayout and this rep's iPayout account is credited with the commission payment. WV then sends a wire payment to iPayout covering the amount of commissions credited (or should but as you know we have not fully funded all of these records over the last couple of years) and the rep can choose when and how to transfer funds in their iPayout account to their local bank account.

We obtained a file from iPayout in mid-November of all commission balances held by reps in their iPayout accounts. We wanted to try to identify if there were accounts that were holding commissions that were generated either from fraudulent activity or activity that is not in compliance with our policies and procedures (such as bonus buying, generated from stacking of positions, etc.) so we analyzed this file further to first look at any account that had a commission balance but where the rep has not attempted to withdraw any part of the balance **and** has not logged in to their iPayout account at all in 2018. This amounted to about \$8.1M of commission balances.

Of the \$8.1M we further broke this down and identified that there is \$4.6M of commissions held in the iPayout accounts where the reps have:

1. Not logged in to their iPayout account at all in 2018
2. Was not in Active Status in 2018 (we actually created a chart by drop date year i.e. year in which they became no longer Active/Grace status)
3. Has a status of: Inactive, Auto Cancelled, Chargeback, Resigned, Terminated
4. Their rep contract is concluded with an entity that is not a US entity (i.e. we do not believe that there is an escheat issue with these accounts as the contract is not US and payment of the commission has never actually been funded)

Item 2: Do you think it would be appropriate to write back the \$4.6M of commissions held in the iPayout accounts identified above on the grounds that these will not likely ever be claimed, are likely related to some manipulation of the compensation plan that is contrary to WV's policies and procedures, and do not represent a liability elsewhere for WV? Also, as above, what do you and MCG think are the potential audit implications with regards a write-back of the commission expense for these items, if any?

As always, we really appreciate your help with this and your guidance. I have included the pivot table we created analyzing the \$8.1M below and can provide the detailed back for this and the Exigo transactions in Item 1 above if that helps but the files are pretty large. It would be great to get this cleared up prior to year-end. Thanks again.

Pending Withdraw balance	-
Last Activity Year	(Multiple Items)

Sum of Total Balance	Column Labels
----------------------	---------------

Row Labels	2011	2012	2013	2014	2015	2016	2017	N/A	Grand
Hong Kong		10.91	6,418.57	166,117.84	1,092,763.92	2,030,336.94	1,972,253.46	461,685.10	5,721.00
Singapore		1,637.18	3,465.97	25,010.26	54,070.04	75,781.14	73,957.07	15,939.34	241.00
United States	2,200.21	1,148.88	682.88	1,461.86	4,515.90	14,320.62	85,225.75	95,625.06	201.00
Malaysia			986.29	8,714.78	38,772.86	25,501.17	26,297.35	2,540.58	101.00
Australia				669.04	5,103.12	22,648.50	32,793.19	11,383.02	71.00
Russia	275.02	139.00		226.02	43,508.48		1,759.46	13,555.94	51.00
South Africa		510.04	211.50	628.49	6,509.56	5,940.68	22,338.16	20,913.76	51.00
Cyprus	50.45	161.00	891.95	890.30	2,010.12	3,967.76	40,126.64	3,047.89	51.00
Kenya					8,734.36	8,703.29	23,110.65	6,446.88	41.00
Greece		318.41	1,463.90	1,780.68	2,413.10	5,128.33	14,418.28	17,972.31	41.00
NULL		65.00	41.00	27,103.48	4,998.26	137.13		7,499.16	31.00
Canada					2,791.15	9,134.29	16,436.47	2,846.01	31.00
Botswana						265.02	12,603.37	7,288.60	21.00
Taiwan				48.90	1,935.38	8,757.03	2,213.16	4,095.58	11.00
Netherlands			741.50	254.52	1,701.10	4,271.25	5,122.34	685.56	11.00
Uganda							2,852.63	9,237.82	11.00
Romania						581.12	5,873.03	2,961.32	11.00
Germany			7.50	349.61	417.54	502.19	5,547.02	2,198.02	11.00
United Kingdom		58.02		275.06	1,672.16	738.08	3,768.73	890.48	11.00
Sweden		239.00		169.00	1,190.48	1,708.92	2,975.63	283.91	11.00
Hungary			36.00	194.54	1,175.09	864.58	1,191.88	2,110.10	11.00
Slovenia	70.75	113.41		117.02	4,547.46	1.00	276.50		11.00
Israel				9.02	3,346.88	486.73	220.78	749.04	11.00
Austria	117.00				12.52	113.97	2,152.85	716.00	11.00
Norway		660.49	1,179.04	607.50	32.50	294.37		172.52	11.00
Ireland						1,124.52	1,138.53	524.06	11.00
Zimbabwe			557.52	6.00	193.41	184.09	209.50	895.04	11.00
New Zealand							1,216.05	675.00	11.00
Puerto Rico					74.02	19.00	344.99	907.56	11.00
Malta						161.04	919.11	88.00	11.00
Mexico								1,098.54	11.00

Guam								568.04	
Iceland				152.52				193.00	195.00
Poland		75.91		294.54				69.50	
Serbia				349.92					
Czech Republic									288.50
Colombia								177.52	53.80
Latvia								119.00	100.50
Jamaica								23.00	12.50
Grand Total	2,713.43	5,061.34	16,759.53	234,633.92	1,283,286.39	2,221,672.76	2,358,492.64	695,682.50	6,811.10
								written off in 2017 per Aug 2018 letter	<u>1,271.10</u>
									<u><u>8,091.10</u></u>

Regards

Simon Davies

FINANCE

phone 972.805.5141
email sdavies@worldventures.com
address 5100 Tennyson Parkway
Plano, Texas 75024

WorldVentures Holdings

worldventures.com

The information contained in this email, including any attachments, may be confidential and subject to copyright. If you are not the intended recipient, please notify the sender and delete this message from your system. Email transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of email transmission.

Sent by WorldVentures Marketing Holdings, LLC on behalf of its affiliates, branches, representative offices, and/or subsidiaries, including: North America: WorldVentures Marketing, LLC, 5100 Tennyson Pkwy, Plano, TX 75024, Entity No. [REDACTED] WorldVentures Canada Inc., 160 Elgin St, Ste. 2600, Ottawa, ON K1P 1C3, Canada, Registry # [REDACTED] Business No. [REDACTED] Europe: WorldVentures Events Ltd., 5 New Street Square, London, EC4A 3TW, United Kingdom, Company No. [REDACTED] WorldVentures Marketing B.V., Paterswoldeweg 806, Ground Floor, Groningen 9726 BM, Netherlands, Dossiernummer: [REDACTED]

WorldVentures Marketing S.R.L., Bucharest, 5th District, 22 Tudor Vladimirescu Boulevard, Green Gate Office Building, 5th Floor, Office 53, Romania
South Africa: WorldVentures Marketing South Africa (Pty) Ltd., 3rd Floor, 54 Melrose Boulevard, Melrose Arch, 2196, Company Number [REDACTED] Asia
Pacific: WorldVentures Marketing (Hong Kong) Limited, 36/F Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, Limited Registration No. [REDACTED]
WorldVentures Services Limited, 36/F Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, Registration No. [REDACTED] WV
Services Malaysia Sdn. Bhd., Suite 17.02 & 17.03, Level 17, Centrepoin North, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, Company
No. [REDACTED] License No. AJL [REDACTED], WorldVentures Events (Malaysia) Sdn. Bhd., 18-2, Jalan 2/114, Kuchai Business Centre, Off Jalan Klang Lama, 58200
Kuala Lumpur, Wilayah Persekutuan, Company No. [REDACTED] WorldVentures Marketing Pte. Limited, 38 Beach Road, #29-11 South Beach Tower, Singapore
189767, Registration No. [REDACTED] WorldVentures Events Pte. Limited, 38 Beach Road, #29-11 South Beach Tower, Singapore 189767, Registration No. [REDACTED]
WorldVentures Marketing Pty Ltd, Level 4, 5 & 12, Plaza Building, Australia Square, 95 Pitt Street, Sydney, NSW 2000, Australia, ABN [REDACTED]
WorldVentures Events Pty Ltd, c/- Addison's, Level 12, 60 Carrington Street, Sydney NSW 2000, Australia, ABN [REDACTED] WorldVentures
Taiwan Ltd., 8F, No. 125, Sec. 2, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan, Company No. [REDACTED] WorldVentures Events Taiwan Ltd., 11/F Walsin Xinyi
Building, 1 Songzhi Road, Taipei, 11047, Taiwan, Company No. [REDACTED] South America: WorldVentures Marketing Belize, Ltd., 35 New Road, Belize City,
Belize, I.B.C. # 95221)

The information contained in this email, including any attachments, may be confidential and subject to copyright. If you are not the intended recipient, please notify
the sender and delete this message from your system. Email transmission cannot be guaranteed to be secure or error-free as information could be intercepted,
corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of
this message, which arise as a result of email transmission.

Sent by WorldVentures Marketing Holdings, LLC on behalf of its affiliates, branches, representative offices, and/or subsidiaries, including: North America:
WorldVentures Marketing, LLC, 5100 Tennyson Pkwy, Plano, TX 75024, Entity No. [REDACTED] WorldVentures Canada Inc., 160 Elgin St, Ste. 2600, Ottawa,
ON K1P 1C3, Canada, Registry No. [REDACTED] Business No. 82803 3050 Europe: WorldVentures Europe Ltd., 5 New Street Square, London, EC4A 3TW, United
Kingdom, Company No. [REDACTED] WorldVentures Marketing B.V., Paterswoldweg 806, Ground Floor, Groningen 9728 BM, Netherlands, Doelnummer:
[REDACTED] WorldVentures Marketing S.R.L., Bucharest, 5th District, 22 Tudor Vladimirescu Boulevard, Green Gate Office Building, 5th Floor, Office 53, Romania
South Africa: WorldVentures Marketing South Africa (Pty) Ltd., 3rd Floor, 54 Melrose Boulevard, Melrose Arch, 2196, Company Number [REDACTED] Asia
Pacific: WorldVentures Marketing (Hong Kong) Limited, 36/F Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, Limited Registration No. [REDACTED]
WorldVentures Services Limited, 36/F Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, Registration No. [REDACTED] WV
Services Malaysia Sdn. Bhd., Suite 17.02 & 17.03, Level 17, Centrepoin North, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, Company
No. [REDACTED] (License No. AJL [REDACTED], WorldVentures Events (Malaysia) Sdn. Bhd., 18-2, Jalan 2/114, Kuchai Business Centre, Off Jalan Klang Lama, 58200
Kuala Lumpur, Wilayah Persekutuan, Company No. [REDACTED] WorldVentures Marketing Pte. Limited, 38 Beach Road, #29-11 South Beach Tower, Singapore
189767, Registration No. 2012086192, WorldVentures Events Pte. Limited, 38 Beach Road, #29-11 South Beach Tower, Singapore 189767, Registration No. [REDACTED]
WorldVentures Marketing Pty Ltd, Level 4, 5 & 12, Plaza Building, Australia Square, 95 Pitt Street, Sydney, NSW 2000, Australia, ABN [REDACTED]
WorldVentures Events Pty Ltd, c/- Addison's, Level 12, 60 Carrington Street, Sydney NSW 2000, Australia, ABN [REDACTED] WorldVentures
Taiwan Ltd., 8F, No. 125, Sec. 2, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan, Company No. [REDACTED] WorldVentures Events Taiwan Ltd., 11/F Walsin Xinyi
Building, 1 Songzhi Road, Taipei, 11047, Taiwan, Company No. [REDACTED] South America: WorldVentures Marketing Belize, Ltd., 35 New Road, Belize City,
Belize, I.B.C. # 95221)